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November 26, 1974

TO: Directors of Personnel

FROM: Bernard Rosen *BR*
Executive Director

SUBJECT: Status of Action Items from 1974 Personnel Directors
Conference

Attached for your information is a status report on the action items from the 1974 Personnel Directors Conference.

This report includes those actions recommended for the Commission and joint actions recommended for the CSC and agencies. You will note that a number of the actions recommended for the CSC and agencies jointly have been assigned to IAG committees for attention, and those for CSC action have either been completed or are being given attention by the appropriate Commission office(s). Personnel directors are urged to continue to move ahead on those actions that fall within your specific areas of responsibility.

The 1975 Personnel Directors Conference will be held at the Federal Executive Institute in Charlottesville, Virginia, on April 27 through 30. We want to begin work early to make this as productive a conference as possible. Please let us have your recommendations for specific conference agenda items by December 31, 1974.

Attachment

ACTION ITEMS FROM
1974 PERSONNEL DIRECTORS' CONFERENCE

ORGANIZATIONAL PERFORMANCE AND PRODUCTIVITY

<u>ACTIONS RECOMMENDED FOR CSC</u>	<u>STATUS</u>
1. CSC should make available to agencies data that is presently being collected in the Central Personnel Data File (CPDF) and furnished to OMB on turnover-average grade, etc.	This action item is well underway. We are now providing agencies, on a monthly basis, with overviews of their CPDF records which provide them with a complete picture of the status of the data, by element, in their files. We are also providing the agencies the monthly OMB average grade reports and the semi-annual turnover reports. We have also filled many special requests from agencies for extracts of their own data for special report purposes or for entry into their own automated systems. This is a continuing project and, as we develop further outputs which might prove of value or interest to agencies, we will provide copies to them.
2. CSC should begin to collect data from private industry regarding norms for staffing personnel functions and on related productivity matters.	This item should not be pursued because it is not practical or relevant to improving productivity in public personnel functions... This item implies that private and public personnel functions are comparable. To some degree this is so but there are striking differences between private and public personnel offices. The constraints and requirements imposed on public personnel functions are not uniformly applied to the private sector; hence, productivity data gathered from private personnel operations would have little applicability to public functions.
3. Information collected as part of the Commission's effort to identify the essential elements of a successful labor relations program should be analyzed for examples of labor-management experiences contributing to organizational effectiveness. This information should then be made available to agencies.	While the purpose of this project is to identify the essential elements which contribute to a successful labor relations program, it will also identify those aspects of the program which are related to organizational effectiveness. The data collected is specifically related to labor relations experience in programs of varying levels of effectiveness. We plan to distribute the final report to agencies by November 29, 1974.

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ORGANIZATIONAL PERFORMANCE AND PRODUCTIVITY

ACTIONS RECOMMENDED FOR CSC

4. Some thought should be given to workgroup/organizational ratings instead of individual employee ratings only.

STATUS

Workgroup organizational ratings are not consistent with the current MBO approach to appraisal which emphasizes the interaction of an individual with his supervisor. We have yet to master the strategy of individual-supervisor appraisal. When that is more advanced, we may be able to tackle the research necessary to support this more sophisticated concept.

JOINT ACTIONS RECOMMENDED FOR CSC AND AGENCIES

1. Norms should be developed for what is expected of agencies in the areas of personnel management, to serve as guides for use in personnel management evaluation.

During FY 75, BPME will conduct two projects dealing with indices of personnel management. The first project is the selection and validation of the indices. Then we will conduct a feasibility test to determine the utility and benefits to accrue from establishing a normative data bank of selected indices. The projects are scheduled for completion by May 15, 1975. One of our principal concerns will be to provide leadership to appropriate CSC bureaus and to agency internal evaluation organizations in the sound use of generated data.

2. Norms for staffing personnel offices should be developed; this would facilitate resource planning when new programs are prescribed.

Although all personnel offices perform certain "common" tasks, the resources required to perform these tasks are not uniform from agency to agency. This variation is caused by many factors but is heavily influenced by work organization within an agency and the emphasis placed on high quality work by agency managers. We suggest rather that agencies should develop staffing models for personnel offices which reflect the requirements of their management staff. Such a study is now underway in the Department of the Navy, directed by Irving Gershkoff. Navy assures us that when the study is completed, they will share their experience with other agencies. We propose to await the completion of the Navy project and to forward copies of the research report to each Personnel Director.

ORGANIZATIONAL PERFORMANCE AND PRODUCTIVITY

JOINT ACTIONS RECOMMENDED FOR CSC AND AGENCIES

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3. The IAG Labor Relations Committee should identify, analyze and publicize case studies of successful labor-management productivity improvement efforts in both the private and public sector.
4. The IAG Committee on Labor Relations should consider agency actions required under the Fair Labor Standards Act and the significance of how the amendments (including the one on age discrimination) will affect the ability of the Federal Government to operate efficiently. Due consideration should be given to the effects of the amendments on the spirit of voluntarism that now exists in the Federal Service.

The recommended action is feasible but the actual staffwork should be done by OLMR. The IAG Labor Relations Committee should participate in a review, input and discussion role and disseminate the resulting information within the various agencies. Tentative case studies would be ready for review by the Labor Relations Committee by February 28, 1975. The findings would be compiled, printed and distributed by June 30, 1975.

We interpret this item as expressing concern for the impact on agencies resulting from prohibitions on age discrimination and voluntary overtime of nonexempt employees. We see no significant impact or reason for concern now for two reasons: 1) agencies have not had sufficient time under the Act nor experience data related to the questions to discuss actions required, let alone determine possible impact on "efficiency," 2) involved CSC offices are continuing to explore questions and potential questions for publication of further guidance. However, measurable impact on agencies cannot be determined because the extent of discrimination due to age and prior amount of voluntary overtime cannot be substantiated.

If the proposed action is as we understand it, we believe it is both premature, as well as inappropriate for discussion by the IAG Committee on Labor Relations. At a later date, perhaps after a year's experience under the Act, a committee (or several committees) needs to assess the impact of FLSA on a number of areas of concern, and explore agency practices and actions required both by the Commission and the agencies themselves.

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MANAGEMENT DEVELOPMENT

ACTIONS RECOMMENDED FOR CSC

STATUS

1. The Civil Service Commission should provide guidance to agencies in developing some guidelines geared to identifying the types of formal training appropriate for progressive development of a manager.

The proposed system is possible, practical, and compatible with Commission goals, objectives and policies. However, this project has not been budgeted for FY 75. We propose to further define the scope and nature of the project, including resources required on the part of BT and BEM and, after a review of the availability of resources, make a "go/no go" decision by October 15, 1974. If the decision is go, the project should be completed by April 30, 1975.

JOINT ACTIONS RECOMMENDED FOR CSC AND AGENCIES

1. The Civil Service Commission together with the agencies should address the problem of evaluating the effectiveness of developmental activities.

BEM has already prepared a guide for CSC regional evaluation staffs to use in evaluations covering program activities in executive and management development. The guide will soon be distributed to regions for their testing and evaluation. The finished product is scheduled for publication in FPM Supplement (Internal) 273-73 by March 15, 1975.

INTEGRITY OF THE SYSTEM

ACTIONS RECOMMENDED FOR CSC

1. The Commission should seek a Presidential directive to agency heads making clear that personnel laws and regulations will be obeyed and that appropriate action will be taken against offenders. Renewal of such a directive should be obtained as soon as possible in each new administration to indicate the support of the President.

On September 20, 1974, President Ford sent a memorandum to the heads of all departments and agencies which read: "I have informed the Chairman of the U.S. Civil Service Commission of my determination to keep the Federal career service just that--a career service in which men and women can be accepted in the first place on their ability and promoted on merit. I ask you to make sure that your agency fully complies with both the letter and the spirit of the law in this regard."

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ACTIONS RECOMMENDED FOR CSC

2. Establish a task force under the IAG, made up of selected personnel directors and CSC representatives to:
 - a. Draw sharper distinctions between career and non-career jobs;
 - b. Make the personnel system more efficient through revisions to procedures or requirements which inhibit effective and timely merit system operations; and
 - c. Review and make recommendations on the manner in which political referrals are handled.

3. Under the aegis of the IAG, a subcommittee should be established to review all of the policy and procedural requirements of the merit system to make sure that the necessary resources are provided, and that every possible streamlining action is explored that will speed up the examining process yet will assure that the principles and requirements of the merit system are understood and preserved.

The entire review should be accomplished as early as possible so that corrective measures are approved and put into action at least two years before another Administration transition.

4. CSC should again press for legislation that would provide for the setting of salaries for lower and possibly mid level GS jobs by geographic area rather than Government-wide. Another view would be to press for flexibilities in pay determination that would employ the principles of pay ranges or pay bands.

- a. This item will be combined with item 6, below: "attempt a clearer definition of Schedule C." The development of new definitions will be coordinated with the IAG Committee on Staffing. Target Completion date December 31, 1974.
- b. Will be combined with 3, below as part of a study to improve the timeliness and quality of staffing.
- c. Under study.

Will be combined with 2b, above as part of a study to improve the timeliness and quality of staffing. Agencies will be asked to participate in this study through the IAG Committee on Staffing. Target completion date June 30, 1975.

The Pay Policy Division is presently conducting a feasibility and desirability study on the question of locality pay for certain occupations now being paid on the basis of nationwide rates. Feasibility study report is due in June 1975. A workgroup of the IAG Pay, Leave and Hours of Duty Committee has been established and is assisting in the development of specific project plans and activities. The first year effort is not expected to result in legislative proposals. If locality pay systems are found to be feasible and desirable, further study during FY 76 will be required to fully develop an appropriate implementation plan, including a legislative proposal.

ACTIONS RECOMMENDED FOR CSC

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| 5. | The Commission should review the possibility of delegating to agencies the examining and rating processes when those agencies employ all or most jobs in given career fields. | A policy paper will be developed by December 15, 1974 on the desirability of delegating examining and rating processes to agencies. |
| 6. | The Civil Service Commission should attempt a clearer definition of Schedule C. | This item will be covered by the study under item 2a, above. |

JOINT ACTIONS RECOMMENDED FOR CSC AND AGENCIES

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| 1. | Both the Commission and the agency personnel officers should be on the alert for threats to or actual abuses of the integrity of the merit system. Both should bring these promptly to the attention of agency heads for necessary remedial action. | We will be continually alert to the problem during regular and special evaluations and in connection with all examining activities. |
| 2. | Both the Commission and agency officials should publicize the merit system and its benefit to democratic government in publicity efforts and professional and social contacts. | This recommendation is closely related to and can be substantially met under OPA's long-range goals to "Strengthen Public Understanding and Support of Merit Principles" and to "Assure Federal Managers' Acceptance and Understanding of their Responsibilities Under the Merit System." Related FY 1975 objectives include: <ul style="list-style-type: none">° IAG Work Group on Improving Employee Orientation and Communications.° Full utilization of CSC issuances, such as the Civil Service Journal, Administrator's Alert, pamphlets, news releases, speeches, etc.° Consideration of an audio-visual presentation for use by Personnel Directors.° Support of Communication projects of bureaus and offices. |
| 3. | Agencies and the CSC in their audit and inspection program, should assure that there is proper alignment and accurate classification of positions. This is particularly important in those cities and geographic areas employing a number of Federal activities. | Specific corrective action on misclassifications and program administration deficiencies identified in the agencies during the FY 74 classification study will be requested of the agencies. Second, further developmental work in and application of the methodology used during this study will be introduced into FY 75 evaluation work. Third, the results of the study will be released to various audiences in the hope of stimulating similar work in the agencies. |

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MAJOR EXTERNAL FORCES IMPACTING ON PERSONNEL MANAGEMENT

ACTIONS RECOMMENDED FOR CSC

1. CSC as the central personnel management agency, should take the lead in convincing OMB to introduce some personnel management considerations into Circular A-76 guidelines.

2. The FWS or the Service Contracts Act should be revised to strike a balance on the subject of prevailing rates.

STATUS

We will continue our efforts to have any revision of OMB Circular A-76 include personnel management as well as cost considerations. Specifically, CSC will propose the inclusion in A-76 of factors which emphasize consideration of the timing and phasing of contracting-out decisions to permit their consideration in the context of the agency's total employment situation. Such factors might include requirements that agencies will make no final decision to convert from inhouse to contract performance until an implementation plan has been developed which adequately considers the personnel problems which will arise from a decision to contract-out. Other requirements would have as their objective the remediation of the adverse effects on the morale and productivity of agency employees occurring as a result of decisions to contract-out support functions.

It is neither feasible nor desirable for the Commission to pursue this action item at this time. The disparity which exists between the Federal Wage System and the Service Contracts Act wage rates is basically attributable to the scope of the surveys of the private sector and the means by which the prevailing rates are derived from the raw data. An interdepartmental task force has been formed by the Department of Labor to look at the Service Contracts Act prevailing wage situation as a whole and seek solutions that everyone can live with. If and when the task force turns to the issue of the Federal Wage System/Service Contracts Act prevailing rates disparities, we have been assured that CSC will be invited to participate as a member of the task force.

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3. It is recommended that an authorizing directive be issued which would have the effect of prohibiting unilateral actions of broad application to the well-being and morale of the Federal workforce in such areas as transportation, parking, heating, and lighting and that the Civil Service Commission take whatever steps necessary to participate in and coordinate such actions whenever planned. It is recommended that an Executive Order or joint CSC-OMB bulletin, of some kind, be drafted by the CSC to accomplish the aims of this recommendation.
4. It is recommended that adequate coordination be provided in the above proposal to permit local flexibility to the greatest degree possible (e.g., parking policies, temperature, light standards, flex-time).
5. It is recommended that due regard be given by the CSC to foster, through whatever means at its disposal, prompt and accurate communication and opportunity for participation to employees, their union representatives, supervisors, and other affected organized groups in arriving at implementation of these matters. It is recommended as a corollary to this that the OEP network be studied in terms of its current adequacy.

Measures to assure greater coordination in the development and implementation of policies that impact on the welfare and morale of the workforce are currently under consideration. OLMR will assume the lead for developing with BPS implementing materials at an appropriate time. [Responds to Action Items 3 and 4.]

We are working and will continue to work for prompt communication of policy decisions and for maximum participation by employees, unions, and other interested parties in the implementation of policies affecting the well-being of the workforce. We recently obtained agreement from GSA to include in their directives to agencies concerning such matters as lighting, heating, etc., a reminder of the need to deal, as appropriate, with recognized representatives on policy implementation.

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6. It is recommended that the Civil Service Commission do its utmost to assure that its interests on behalf of Government employees are made known on current bases to those regulatory and controlling agencies which can and do impact on the Federal worker.
7. It is recommended that the Commission take an active role to coordinate, as appropriate, relocation activities impacting on personnel management in cases where several agencies are involved and that it work out an agreement with GSA so that it is informed at the earliest possible time of such move plans.

This recommendation covers the entire breadth of Commission activity. Some current examples of our efforts to bring the interests of Federal employees to the attention of other agencies that may be considering measures with broad impact follow: 1) The Pay Policy Division will undertake a program to evaluate proposals by any agency or authority that would have effect on Federal employees and to assess the adequacy of various allowances such as mileage allowances, per diem allowances and moving expense allowances and to bring inadequacies to the attention of the proper authority. This will include membership on such interagency committees as the agency with prime responsibility may establish. 2) We have engaged in preliminary discussions with OMB and GSA on the setting up of a task group to develop Federal policy on allocating space and services to voluntary employee recreation associations.

This recommendation grew out of recognition of the need to give proper care and attention to the human considerations involved in geographic relocation. In cases where several agencies are involved, there are potential benefits to employees in terms of outplacement assistance which may be enhanced by more active central coordination.

A second human consideration in which CSC should be more directly involved is derived from Paragraph S11-2a of FPM Supplement 831-1, Civil Service Retirement, which reads in part that "when an employee's decision between accepting another job offer or separation depends on whether the separation would be classed as involuntary for retirement purposes and doubt exists whether the proposed separation would be involuntary, the question should be referred to the Commission for advance decision, together with a statement of all the facts concerning the proposed action." However, because the advance review of involuntary retirement questions related to the relocation activities of Federal agencies depends on all the facts and circumstances of each individual case, we can only provide advice when requested by the agency involved.

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We believe that the management of relocation problems, including the need to minimize adverse impact on individual employees, is properly a lead responsibility of the agency or agencies involved, rather than the Commission or GSA. However, Commission offices stand ready to provide active assistance on outplacement including the coordination of effort when several agencies are involved, and the resolution of retirement questions as requested.

Since the impact of relocation can be expected to vary greatly depending upon such circumstances, the number and kinds of employees involved, the nature of the relocation, and the structure and resources of the agencies affected, the arrangements for Commission participation will have to be keyed to the particular situation. It is, of course, important that agencies facing relocation make their plans early and inform the Commission promptly if assistance is required.

Since the Commission's present organizational and program machinery appears fully adequate to provide this kind of assistance as needed, and since we do not consider it appropriate that the Commission inject itself until requested by the agencies affected. We recommend that this proposal be dropped.

8. It is recommended further that the rates paid for tangible benefits be compared with current private industry practices, since it is believed increases in the Federal scale will result.

The proposed study has already begun and completion is expected by December 31, 1974. Comments of Agency Personnel Directors and Incentive Awards Program Administrators will be solicited on study proposals.

9. It is recommended that the Commission advise on the current status of Oliver report recommendations with particular respect to regional rates for certain positions.

Four major feasibility and desirability research projects being conducted by the Pay Policy Division relate either directly to pay recommendations of the Oliver report. These are: LOCALITY PAY SYSTEM -- Research project initiated in May 1974 to determine the desirability and feasibility of locality pay systems for portions of the Federal Workforce now paid on a national scale. The goal is to

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provide a closer degree of pay comparability between Federal employees and their non-Federal counterparts whose pay is believed to be determined by the economic operation of local employment markets. Occupational coverage of the project is limited to clerical, drafting, nursing and related occupations at the entry and first supervisory levels normally recruited locally. Scope of the locality study is limited to pay and major benefits for selected occupations in a stratified sample of non-Federal employees. The geographical area for initial study is limited to analyses of existing Area Wage Survey data and field testing of locality pay survey methods in a number of small metropolitan areas not presently studied by BLS. A feasibility and desirability study report is due in June 1975.

MAJOR SUBDIVISIONS OF THE GENERAL SCHEDULE-- A research project initiated in May 1974 to investigate the desirability and feasibility of subdividing the General Schedule pay structure into major components. The goal is to achieve a closer degree of pay system or pay schedule comparability with the non-Federal sector. Research is currently being conducted on historical facts leading to the creation of the present General Schedule pay structure. A number of alternative proposals for subdividing the General Schedule will be developed for review and discussion. A final study report with recommendation is due in June 1975.

TOTAL COMPENSATION COMPARABILITY-- A research project initiated in January 1974 to determine the feasibility of measuring and maintaining Federal pay comparability on the basis of total compensation. If it is feasible, an action plan will be submitted. The project includes the following compensation elements: cash compensation, retirement, health insurance, life insurance, paid vacation, sick leave, paid holidays. It will include the General Schedule workforce in Washington, D.C. and the contiguous 48 states.

The compensation practices of some 400 large employers in the non-Federal sector will be studied comprehensively to determine our ability to obtain pertinent data on the cost and level of benefits provided by employers to various occupational and/or hierarchical groupings or employees. The development of a total compensation methodology for final testing and possible implementation is anticipated by June 1975.

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PREMIUM PAY AND PAY ADMINISTRATION-- This project consists of 3 separate studies:

- ° Premium Pay
- ° Use of the Rate Range on Position Changes
- ° Recognition of Quality Performance

These are now being initiated with completion scheduled for December 1975.

SEPARATE CLASSIFICATION AND PAY SYSTEMS-- Desirability and feasibility studies for separate occupational classification and pay systems are being investigated in two areas--protective services and health services--with work scheduled for completion in December 1974 and June 1975, respectively.

10. It is recommended that proposed legislation be drafted by the Commission to amend the law so that that portion of Federal salary now applied to each individual's retirement account can be deducted from gross salary for internal revenue income tax reporting purposes.

It would be inappropriate for the Commission to propose a change in the tax status of employee retirement contributions at this time as the issue is now being litigated in the Federal courts. In this case, Hogan vs U.S., a Federal District Court has held that the employee retirement contribution is subject to tax under current income tax law. The decision has been appealed.

11a. The group was pleased to hear from Chairman Hampton that renewed action is proceeding to attempt to raise the \$36,000 ceiling, but it further recommends that additional effort be given to obtaining legislation for computing retirement on the basis of pay levels in excess of \$36,000 to which entitled but not authorized;

While we would rather see executive pay increased and solve the problem in the most direct way, we will have a proposal ready for submission shortly to provide for the computation of retirement annuities on the basis of pay levels in excess of 36,000 to which executives are entitled but which is not authorized.

11b. and that, cash award "ceilings" now on the books under incentive awards programs be restudied and revised upward.

This project is already underway and should be completed by December 31, 1974. Comments of Agency Directors of Personnel and Incentive Awards Program Administrators will be solicited on project proposals.

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12. It is recommended that a contingency task force be organized by CSC, in coordination with other participating agencies, to provide "start up" direction and services for emerging agencies or offices.

The proposed action is feasible and is directly related to an FY 75 BPME objective. A plan is being developed and will include:

- January 1, 1975 target date for completion of start-up package and designation of cadre.
- Involvement of agency personnel staff members in the development of the package.

JOINT ACTIONS RECOMMENDED FOR CSC AND AGENCIES

1. Some prototype language should be developed to go into CSC-agency bids which will insure maximum consideration by the contractor of current employees.

We will consult with agencies such as DOD, AEC, NASA, and VA and seek their recommendations for standard language that will give current employees subject to layoff or RIF action priority consideration by the contractor. If prototype language appears to be feasible, it will be included in the CSC Bulletin proposed below as part of a series of suggested actions agencies can take to reduce or eliminate the need to separate career employees through RIF action. We will attempt to develop issuances such as a CSC Bulletin, suggesting actions agencies may take to lessen the impact of contracting-out decisions upon Federal employees and on the communities in which the activities are located. The contents of the Bulletin would eventually be incorporated into the Federal Personnel Manual. The draft CSC Bulletin should be ready for submission to the Commission by November 15, 1974.